

Hearing Date: September 23, 2008, at 10:00 a.m.

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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

|                             |   |                         |
|-----------------------------|---|-------------------------|
| In re:                      | ) | Chapter 11              |
|                             | ) |                         |
| DELPHI CORPORATION, et al., | ) | Case No. 05-44481 (RDD) |
|                             | ) |                         |
| Debtors.                    | ) | Jointly Administered    |
|                             | ) |                         |

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**PRELIMINARY OBJECTION OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS TO THE DEBTORS' MOTIONS (I) TO APPROVE AN AGREEMENT WITH GENERAL MOTORS CORPORATION TO AMEND THE MASTER RESTRUCTURING AGREEMENT AND THE GLOBAL SETTLEMENT AGREEMENT, (II) TO APPROVE AN AMENDMENT TO ARRANGEMENT WITH GENERAL MOTORS CORPORATION APPROVED PURSUANT TO SECOND DIP EXTENSION ORDER, (III) TO APPROVE MODIFICATION OF BENEFITS UNDER HOURLY AND SALARIED PENSION PROGRAMS AND MODIFICATION OF APPLICABLE UNION AGREEMENTS IN CONNECTION THEREWITH, AND (IV) ESTABLISH SECOND HALF 2008 AIP TARGETS AND CONTINUE AIP PROGRAM**

The Official Committee of Unsecured Creditors (the “Committee”) appointed in the chapter 11 cases of Delphi Corporation, *et al.* (collectively, the “Debtors”), by and through its counsel, hereby files this Preliminary Objection to the Debtors’ motions (a) to approve an agreement with General Motors Corporation (“GM”) to amend the Master Restructuring

Agreement (the “MRA”) and the Global Settlement Agreement (the “GSA”); (II) to approve an amendment to a liquidity support arrangement with GM approved pursuant to the second DIP extension order; (III) to approve a modification of benefits under hourly and salaried pension programs and modification of applicable union agreements in connection therewith; and (IV) to establish second half 2008 AIP targets and to continue the AIP program (collectively, the “Motions”). In support of this Preliminary Objection, the Committee respectfully states as follows:

**PRELIMINARY OBJECTION**

1. Under the proposed amendments to the MRA and the GSA, the Debtors would (a) grant GM an administrative expense claim that would be measured in the billions of dollars, and (b) even more egregiously, grant GM a full release of all of the estates’ claims against it immediately, without regard to whether the Debtors ultimately reorganize and without regard to what if any distributions unsecured creditors ultimately receive. The Debtors are now seeking this Court’s approval of these amendments during the September 23, 2008 omnibus hearing, despite the vociferous objections of the Committee. Not only is the Debtors’ decision to accede to GM’s extreme demands and enter into these amendments not an appropriate exercise of their business judgment, it is an outright abdication of their fiduciary duties to their estates and their unsecured creditors. Moreover, these amendments constitute an improper *sub rosa* chapter 11 plan.

2. The proposed amendment to the liquidity support arrangement with GM also suffers from a number of infirmities, including that it would provide value to GM while the Debtors may be unable to actually draw on any of the additional loans from GM. Finally, while a pension freeze and the second half AIP targets may be appropriate regardless of the status of

the agreements with GM, in the face of the Debtors' abdication of control to GM it is not at all clear that establishing new pensions are the best use of estate resources or that the proposed second half AIP targets are reasonable.

3. The Committee intends to conduct discovery in connection with the Motions.

Therefore, the Committee is filing this Preliminary Objection for the purpose of creating a contested matter to permit discovery. The Committee reserves all of its rights to supplement this Preliminary Objection prior to the hearing on the Motion.

**WHEREFORE**, the Committee respectfully requests that this Court grant the Committee such relief that it deems just and proper.

Dated: September 12, 2008  
New York, New York

**LATHAM & WATKINS LLP**

By: /s/ Robert J. Rosenberg

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